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IBAT, Austin

November 5, 2020

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Via Email: regs.comments@federalreserve.com

Re: Docket No. R-1726; RIN 7100-AF97

Threshold for Requirement to Collect, Retain, and Transmit Information on Funds Transfers and Transmittals of Funds That Begin or End Outside the United States and Clarification of the Requirement to Collect, Retain, and Transmit Information on Transactions Involving Convertible Virtual Currencies and Digital Assets with Legal Tender Status

Greetings,

The Independent Bankers Association of Texas (IBAT) is the largest state community banking organization in the nation, with membership comprised of more than 2,000 banks and branches in 700 Texas communities. Those members include banks with operations along the Texas/Mexico border as well as in some of the largest cities and ports in the United States. Thus, sound compliance with anti-money laundering requirements is important to IBAT and its members.

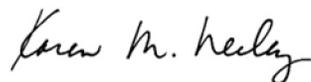
Thresholds. As a general principle, IBAT has strongly supported appropriate increases—not decreases—in monetary thresholds that trigger various BSA/AML requirements, particularly the currency transaction reporting trigger. However, IBAT and its members understand that the records provided on funds transfers—including small dollar transfers—play an important role in detecting money laundering and terrorist financing.

Knowledge of Foreign Status. The proposed requirements relating to collecting, retaining, and transmitting information on foreign funds transfers are generally consistent with current practices. The proposal states that the lower threshold for records applies if a bank “knows or has reason to know” that certain parties are located in, ordinarily resident in or organized under the laws of a jurisdiction other than the United States. The Section-by-Section Analysis for the rule includes very helpful clarification as to what would constitute “reason to know” for purpose of this rule. IBAT recommends that this paragraph be added to Section 1020.410 to provide needed clarity. Without this addition, the inclusion of a party “organized” under the laws of a foreign jurisdiction would appear to necessitate obtaining formation documents in some cases.

Money. The definition of “money” is expanded by this proposal to include “convertible virtual currency” (CVC) as well as any digital asset with legal tender status. For community banks with little exposure to digital assets with legal tender status or with CVC, this expansion of the definition presents some concerns. It would be helpful if FinCEN were to provide a list of these items to help in their identification.

Thank you for this opportunity comment. Again, Texas community banks are committed to assisting in the money laundering and terrorist financing efforts of law enforcement. Our suggested minor adjustments to the rule would facilitate those efforts.

Sincerely,

A handwritten signature in cursive script that reads "Karen M. Neeley".

Karen M. Neeley
IBAT General Counsel